

# Key Messages

## Patients Deserve Best Possible Information on Expected Costs for Hospital Care

*Price Transparency Efforts Must Focus on Patient-Specific, Out-of-Pocket Expenses*

- 1. California hospitals are committed to price transparency — leading the nation in helping consumers understand their out-of-pocket health care costs.**
  - A long-standing state law requires California hospitals to provide patients with a good faith estimate of their expected out-of-pocket costs for any planned health care services. Few states have such a requirement. The best way to get an estimate for the cost of your care is to call your hospital directly.
  - California hospitals also are national leaders in providing clear, written discount and charity care policies to help uninsured or underinsured patients obtain services at discounted prices. Existing state law requires hospitals to widely promote the availability of discounted or free care based on an individual patient's financial situation.
- 2. Hospitals are doing everything they can to comply with a new federal regulation requiring hospitals to publicize negotiated payment rates with individual health plans; however, this information is likely to confuse, rather than help consumers.**
  - The negotiated rates hospitals are required to post ***do not reflect*** what a patient's actual out-of-pocket costs will be. Rather, a patient's actual costs are determined based on their health plan design (e.g., HMO, PPO, high-deductible, etc.) and cost-sharing arrangements (e.g., deductibles, co-payments, etc.).
  - The payment rates negotiated between hospitals and the various insurers they contract with can vary dramatically based on several factors — including the volume and health status of patients each insurer brings to the hospital; quality bonuses; whether multiple services are provided at the same time; or other factors agreed to during contract negotiations.
  - Health plans use a variety of payment methodologies in contracting for hospital services, and these methodologies have varying definitions of what services/items are included in the contracted payment rates. As a result, it's difficult to create an “apples to apples” comparison of negotiated prices for what essentially are the same services provided by different health plans.
  - For most consumers, understanding the negotiated payment between a hospital and a health plan for any given procedure is of little to no value. This information merely reflects contractual agreements between two parties that are complex and often confusing to most individuals.

**3. Hospitals want patients to have clear and reliable information on what they will have to pay for the care they receive in a hospital.**

- Most patients have little interest in understanding the complex financial negotiations between hospitals and health plans, just like most people really don't care what a grocery store pays wholesalers for the food they buy. What people want most is to know what their care will actually cost them directly.
- That's why hospitals across California are embracing new technologies such as online calculators that give patients specific information on their expected out-of-pocket costs based on their planned procedure and their health plan's specific cost-sharing requirements.
- Hospitals also are always available to talk directly with patients about the cost of any upcoming procedures they may be planning. Hospital financial representatives can provide patients with good faith estimates based on the specific procedure involved and a patient's specific health plan design and requirements.